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**EC World**  
运通网城 REIT

# Extraordinary General Meeting

07 September 2023



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## EGM agenda

Proposed divestment of **Beigang Logistics Stage 1** and **Chongxian Port Logistics** as of **Equity Purchase Agreement** was approved by Unitholders at EGM held on 16 Dec 2022.

**Supplementary Agreement II** was entered on 9 July 2023 to amend the **Equity Purchase Agreement** for:

- Long-Stop Date Extension
- Flexibility to proceed to Two-Stage Completion
- Revised Agreed Property Values
- Relevant Mandatory Prepayment Amount

The Manager seeks approval from Unitholders for the **Supplementary Agreement** in respect of the Proposed Divestment (including the Long-Stop Date) by way of an Ordinary Resolution



## Resolution to be Approved

### Ordinary Resolution

- (i) To approve the Supplementary Agreement in respect of the Proposed Divestment (including the Long-Stop Date).

*Forchn Group Holdings Co., Ltd., the sponsor of EC World REIT, will abstain and will procure that each of its associates including the Manager, abstain from voting on the resolution in relation to the Proposed Divestment.*



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# Section A: Agreement Overview



# Divestment Properties

## Stage 1 Properties of Bei Gang Logistics



<b>The Property</b>	One 15-storey office building, one 4-storey retail building and six 5-storey buildings for O2O office
<b>GFA/NLA</b>	120,449.17 sq m
<b>Land Area</b>	99,897.6 sq m
<b>Tenure</b>	Expiring on 14 March 2052
<b>Master Leases</b>	Master leased to Forchn Holdings Group Co., Ltd (1 Nov 2015 to 31 Oct 2024)
<b>Committed Occupancy (as at 30 Jun 2023)</b>	100%
<b>Average of the two independent Valuations <sup>1</sup></b>	RMB 1,202 million

## Chongxian Port Logistics



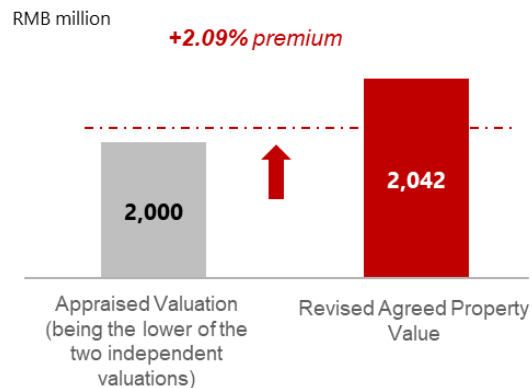
<b>The Property</b>	Four single-storey warehouses, one 4-storey ancillary building, one 12-storey office building and one storage yard
<b>GFA/NLA</b>	117,384.78 sq m/125,826.75 sq m
<b>Land Area</b>	160,022.50 sq m
<b>Tenure</b>	Expiring on 30 December 2055
<b>Tenants</b>	Multi-tenants
<b>Committed Occupancy (as at 30 Jun 2023)</b>	99.3%
<b>Average of the two independent Valuations <sup>1</sup></b>	RMB 814.5 million

1) Independent valuations as at 30 June 2023

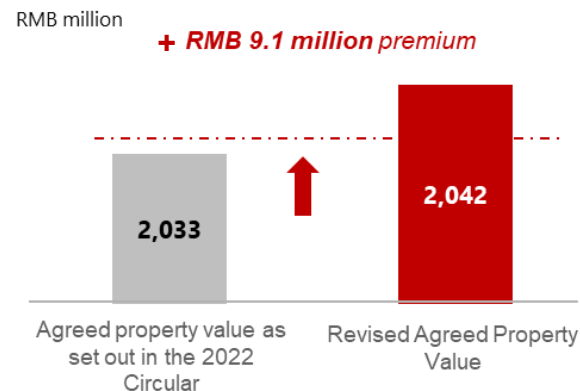
# Details of the Supplementary Agreement

	Equity Purchase Agreement	Supplementary Agreement
<b>Vendor<sup>1</sup></b>	Richwin Investment Pte. Ltd.	No Change
<b>Purchasers<sup>2</sup></b>	Hangzhou Futou Beigang Enterprise Management Co., Ltd. ("HFBEM") and Forchn International Pte. Ltd. ("FIPL")	No Change
<b>Average of Independent Valuations<sup>3</sup></b>	RMB 2023.0 million	RMB 2016.5 million
<b>Aggregated Agreed Property Value</b>	<b>RMB2,032.7 million</b>	<b>RMB2,041.8 million</b>
<b>Purchase<sup>4</sup> Consideration</b>	Equity Consideration: RMB1,370 million (approximately S\$274.1 million)	Equity Consideration: RMB1,370 million (approximately S\$265.0 million)

**Revised Agreed Property Value of the Divestment Properties is at 2.09% premium of the appraised valuation.**



**Revised Agreed Property Value of the Divestment Properties is at RMB 9.1 million premium of Value set out in Circular 2022.**



Illustrative exchange rate Circular 2023:  
RMB1.00 = S\$0.1934



# Details of the Supplementary Agreement

	Equity Purchase Agreement	Supplementary Agreement
<b>Long-stop Date</b>	31 January 2023	31 October 2023
<b>Completion</b>	The completion of the proposed Divestment is subject to, among others, the completion of the internal Restructuring.	<ul style="list-style-type: none"> <li>Provides flexibility of a Two-Stage Completion;</li> <li>Completion Stage Two is subject to Completion Stage One.</li> </ul>
<b>Relevant Mandatory Prepayment Amount</b>	<p>In respect of the Transaction, the higher of:</p> <ul style="list-style-type: none"> <li>an amount which is 25.0% of the maximum aggregate amount of the offshore loans and the onshore loans outstanding of the ECW Group;</li> <li>an amount equal to the Relevant Percentage of the maximum aggregate amount of the offshore loans and the onshore loans outstanding of the ECW Group.</li> </ul>	<p>In respect of the Transaction:</p> <ul style="list-style-type: none"> <li>an amount agreed or to be agreed by all the existing offshore lenders and all the existing onshore lenders of the ECW Group.</li> </ul>

- 1) Wholly owned subsidiary of EC World REIT
- 2) Wholly owned subsidiaries of the Sponsor
- 3) Knight Frank and JLL as independent valuer as of 30 June 2022. Colliers and JLL as independent Valuer for valuation report as of 30 June 2023
- 4) Purchasers shall pay for the Equity Consideration through i) FIPL may deliver (or procure the delivery of) Promissory Notes to the Vendor in settlement of a part of the Equity Consideration and ii) pay the balance amount to the bank account of the Vendor.

# Rationale for the Supplementary Agreement

1

**Meet repayment obligations under its financing arrangements;**

- Long-Stop Date Extension will provide the Purchasers with the opportunity to complete the divestment and make full payment of the Equity Consideration pursuant to the divestment.
- Providing more time for the completion.
- Increase the likelihood of avoiding further defaults on financing obligations.

2

**Opportunity to realise value of the Divestment Properties**

(i) **2.09% premium** to the aggregate appraised valuation

(ii) **Premium to book value of the Target Companies** as at 31 Mar 2023

(iii) Premium to IPO levels, **blended premium of 18.4%** vs. purchase considerations at IPO

(iv) **Special Distribution** of approximately RMB507 million (\$98 million<sup>1)</sup>)

3

**To realise the best interest of EC World REIT and its Unitholders**

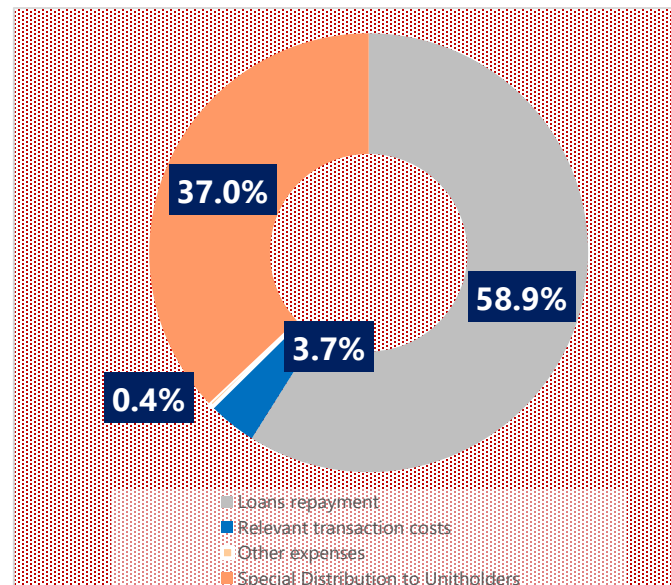
- The purchasers remain committed to acquire the divestment properties.
- If succeed:
- Realize the value of the Divestment Properties
  - Preserve the long-term value of EC World REIT for Unitholders

1) Actual quantum to be computed based on the exchange rate as at the Completion Date. Intended to be made within 40 Business Days of Completion. Depending among others, the likelihood of refinancing of the Outstanding Loans based on terms that are acceptable to ECW, post-Completion, the Manager may decide not to make the Special Distribution at all or may determine a lower quantum of the Special Distribution than what is currently expected.

# Intended Use of Divestment Proceeds from the Equity Consideration

## Percentage of Intended Use of Divestment Proceeds

	As disclosed in the 2022 Circular (\$'million)	Estimate as at 31 March 2023 (\$'million)
Equity Consideration of RMB1,370 million	274.1	265.0
(i) Settlement of a portion of Existing Bank Loans	172.6	156.2
(ii) Payment of relevant transaction costs	10.0	9.7
(iii) Contingent expenses, claims, warranties and other potential post-Completion obligations	1.3	1.0
(iv) Special distribution to Unitholders	90.2	98.1
<b>Special Distribution<sup>1,2</sup> per Unit based on 809,838,247 Units in issue as at the Latest Practicable Date</b>	<b>\$S\$0.1114</b>	<b>\$S\$0.1211</b>



### Special Distribution<sup>1 2</sup>

Approximately  
\$S\$98.1 million/ **\$S\$0.1211 per Unit**

- 1) Special Distribution to form part of the intended use of proceeds from the divestment. As the divestment fee units will be issued to the Manager only after the record date for the purpose of determining Unitholders' entitlements to the Special Distribution, accordingly, the Divestment fee units will not be entitled to the Special Distribution.
- 2) Depending on, among others, the likelihood of repaying the outstanding Relevant Mandatory Prepayment Amount based on terms that are acceptable to the relevant lenders of EC World REIT, post-Completion, the Manager may decide not to make the Special Distribution at all or may determine a lower quantum of the Special Distribution than what is currently expected.



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## Section B: Financial Details and Post Divestment Structure

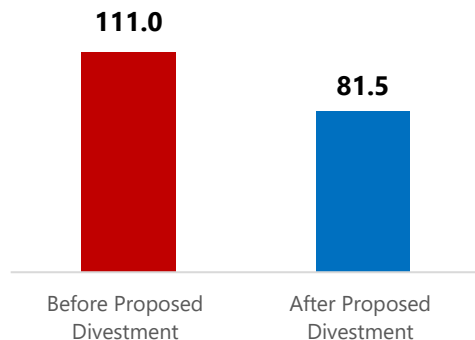


# Pro Forma Financial Effects

## Net Property Income<sup>1</sup>

(\$ million)

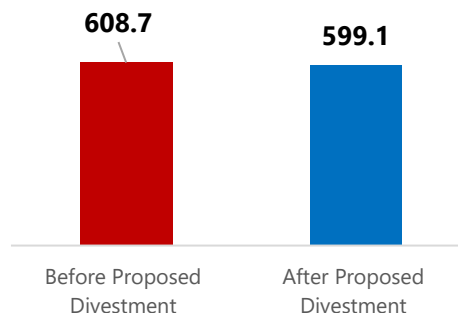
### Pro Forma NPI



## Pro Forma NAV<sup>2</sup>

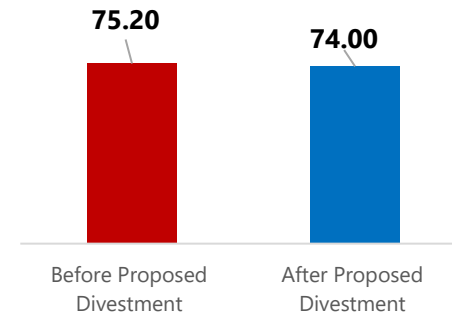
(\$ million)

### Pro Forma NAV



(Cents)

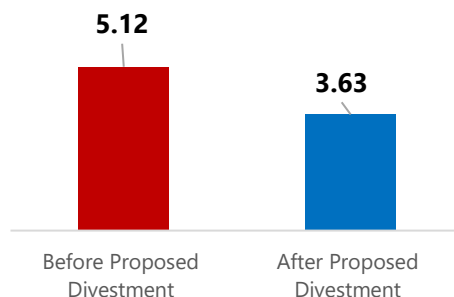
### Pro Forma NAV per Unit



## DPU<sup>1</sup>

(Cents)

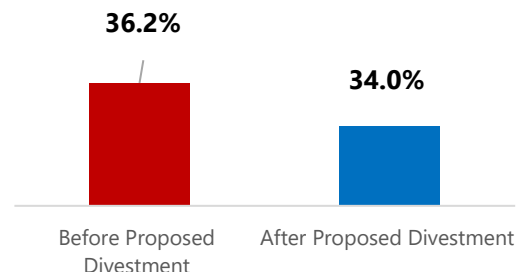
### Pro Forma DPU



## Gearing<sup>3</sup>

(%)

### Pro Forma Gearing



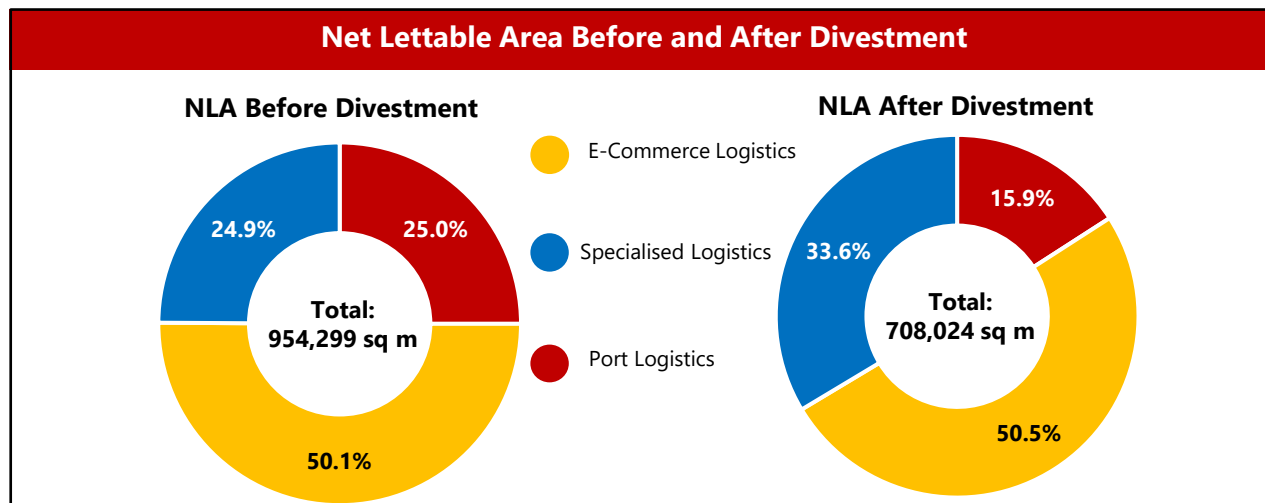
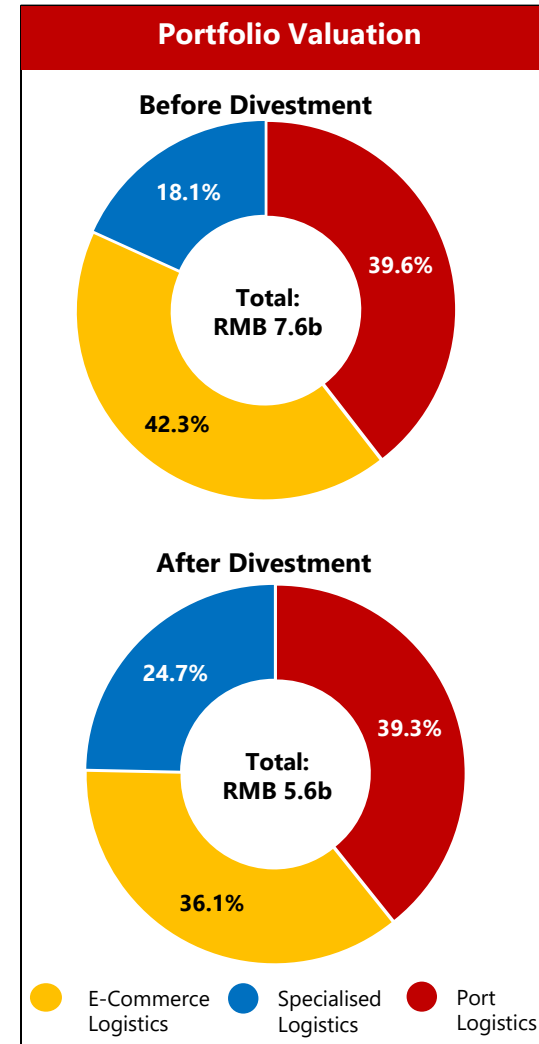
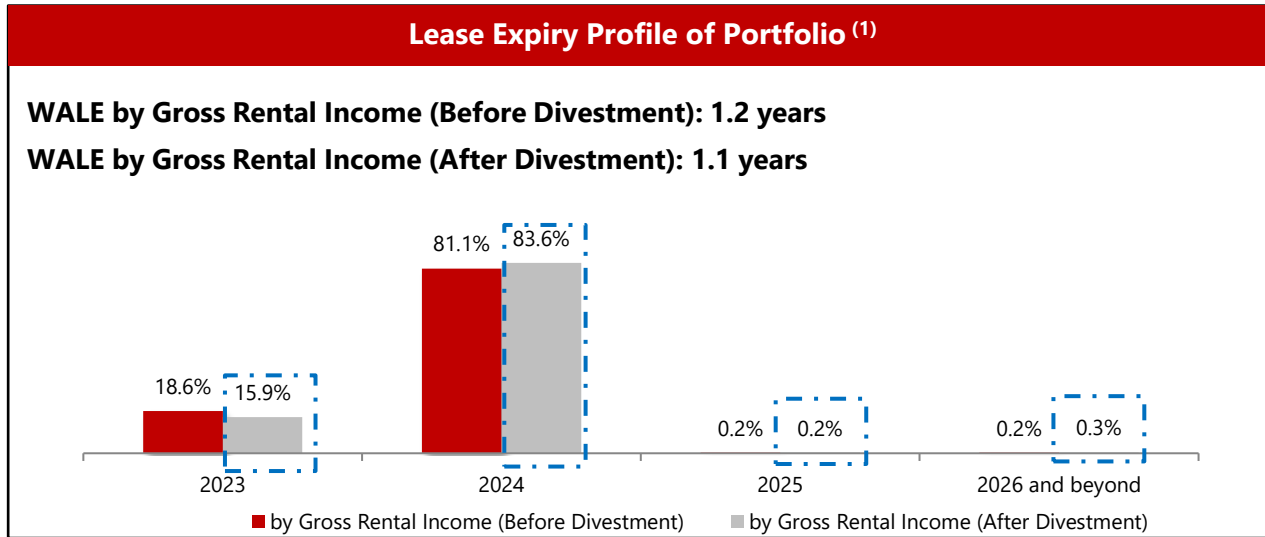
1) Based on the audited consolidated financial results for FY2022 of EC World REIT, and adjusted based on the Revised Agreed Property Values of the Divestment Properties. After accounting for the Relevant Transaction Costs but before accounting for the Special Distribution. Strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of ECW after completion.

2) Based on the audited consolidated financial results for FY2022 of ECW,. Adjusted based on pro forma consolidated income statement for the Target Companies as at 31 December 2022. Based on total number of Units in issue at the Latest Practicable Date.

3) Based on data as at 30 June 2023, the illustrative exchange rate and the use of proceeds as disclosed in the Circular.

# Post Completion – WALE settles at 1.1 years

- ✓ E-Commerce Logistics remain as the largest segment in terms of net lettable area, post divestment
- ✓ Well-diversified and resilient portfolio to provide stability of returns to Unitholders

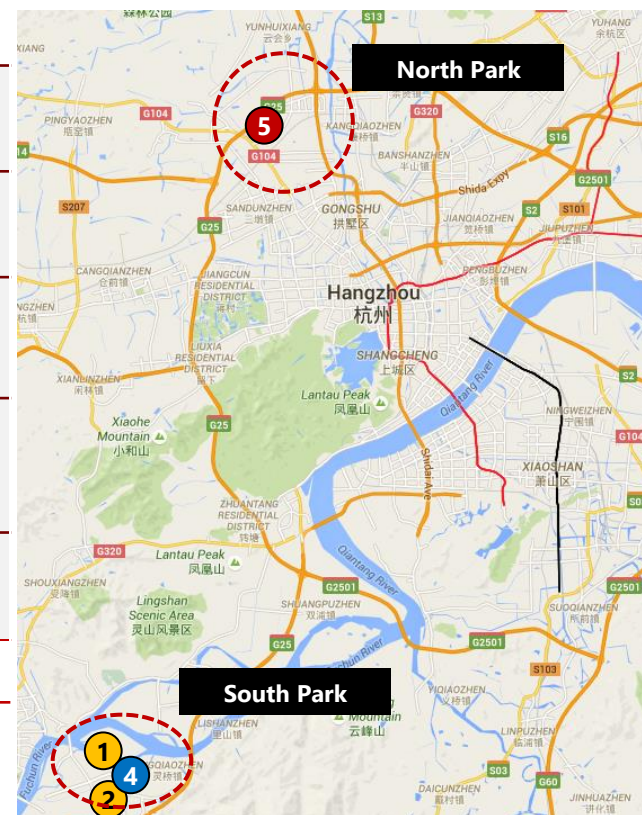


(1) As at 30 June 2023; excluding Fu Zhuo Industrial

# Portfolio Overview Post Divestment

Balanced and well-structured portfolio offering both income stability and growth potential

Property	Type	NLA (sq m)	Type of Lease / No. of Tenants <sup>(1)</sup>	Lease Structure	Rental Escalation
1 Fu Heng Warehouse	E-commerce Logistics	94,287	Master leased	From 1 Jan 2021 to 31 Dec 2024	2.0% annually
2 Fuzhou E-Commerce	E-Commerce Logistics	214,284	Master leased	From 8 Aug 2019 to 8 Aug 2024	2.25% annually
3 Wuhan Meiluote	E-Commerce Logistics	48,695	Multi-tenancies	-	0% to 5% per annum
4 Hengde Logistics	Specialised Logistics	238,032	Multi Tenanted <sup>(3)</sup>	1) 5 Oct 2020 to 31 Dec 2023 2) 9 May 2021 to 31 Dec 2023	No escalation
5 Chongxian Port Investment	Port Logistics	112,726	Master leased	From 1 Jan 2021 to 31 Dec 2024	2.0% annually
<b>Total</b>		<b>708,024</b>			



- ✓ Quality river port and ancillary port logistics assets provide income stability to the portfolio
- ✓ Limited competition for specialised logistics asset with high specification in the Zhejiang region
- ✓ Differentiated e-commerce logistics assets situated in Hangzhou, the prime e-commerce hub of China

- Port Logistics
- Specialised Logistics
- E-Commerce Logistics

(1) Based on underlying end-tenants as at 30 June 2023  
 (2) Key tenant: China Tobacco Zhejiang Industrial Co., Ltd.



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## Section C: IFA's Recommendation





## Independent Financial Adviser's Recommendation

Excerpt of the IFA Letter:

*“Overall, having considered the above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Long-Stop Date Extension, the Two-Stage Completion and the Revised Agreed Property Values under the Supplementary Agreement as an IPT are on normal commercial terms and not prejudicial to the interests of EC World REIT and its minority Unitholders. In addition, taking into consideration the Manager and Directors' Confirmation, we are of the opinion that the Proposed Divestment (taking into consideration the terms of the Supplementary Agreement pertaining to the Long-Stop Date Extension, the Two-Stage Completion and the Revised Agreed Property Values) as an IPT is on normal commercial terms and not prejudicial to the interests of EC World REIT and its minority Unitholders.*

*Accordingly, we advise the Audit and Risk Committee of the Manager and the Independent Directors to recommend that the independent Unitholders **VOTE IN FAVOUR** of the resolution to approve the Supplementary Agreement.”*

**Provenance Capital Pte. Ltd.**

# Resolution to be Approved

## Ordinary Resolution

- (i) To approve the Supplementary Agreement in respect of the Proposed Divestment (including the Long-Stop Date).

*Forchn Group Holdings Co., Ltd., the sponsor of EC World REIT, will abstain and will procure that each of its associates including the Manager, abstain from voting on the resolution in relation to the Proposed Divestment.*



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**Thank You**

